

**SUPERIOR COURT OF N.J.  
FILED**

**JUN 16 2006**

**DONALD F. PHELAN  
CLERK**

SUPERIOR COURT OF NEW JERSEY  
LAW DIVISION - CRIMINAL

State Grand Jury

Number SGJ 525-06-7

Superior Court 06 - 06 - 0 0071 S  
Docket Number

STATE OF NEW JERSEY                    )  
  )  
  )           INDICTMENT  
  )  
GEORGE RULLO                            )  
  )  
and                                        )  
  )  
THE MEGAN GROUP, INC.                )

The Grand Jurors of and for the State of New Jersey, upon  
their oaths, present that:

COUNT ONE

(Money Laundering - First Degree)

GEORGE RULLO

and

THE MEGAN GROUP, INC.

on divers dates between July 2002 and December 2003, at the  
Township of Montville, in the County of Morris, at the Township  
of Demerest, in the County of Bergen, at the Township of  
Watchung, in the County of Union, and at the Township of  
Freehold, in the County of Monmouth, elsewhere and within the  
jurisdiction of this Court, did commit the offense of financial  
facilitation of criminal activity, in that GEORGE RULLO and THE  
MEGAN GROUP, INC. did possess property known or which a  
reasonable person would believe to be derived from criminal

activity, specifically false contract payment claims for government contracts, false contract representations for government contracts and theft by failure to make required disposition of property received in an amount of \$500,000 or more, that is, the said GEORGE RULLO and THE MEGAN GROUP, INC. did possess said criminal proceeds by depositing said criminal proceeds into the company account of the said THE MEGAN GROUP, INC. and then disposed of the money to suit the purposes of the said GEORGE RULLO and THE MEGAN GROUP, INC., contrary to the provisions of N.J.S.A. 2C:21-25a, N.J.S.A. 2C:2-6 and N.J.S.A. 2C:2-7, and against the peace of this State, the government and dignity of the same.

COUNT TWO

(False Contract Payment Claims for a Government Contract - Second Degree)

GEORGE RULLO

and

THE MEGAN GROUP, INC.

on or about July 10, 2003, at the Township of Montville, in the County of Morris, at the Township of Freehold, in the County of Monmouth, elsewhere and within the jurisdiction of this Court, knowingly submitted to the Montville Board of Education a claim in excess of \$25,000 for payment for performance of a contract between the Montville Board of Education and the said THE MEGAN GROUP, INC., that is, Application and Certificate for Payment numbered 13, knowing such claim to be false, fictitious and fraudulent, contrary to the provisions of N.J.S.A. 2C:21-34a, N.J.S.A. 2C:2-6 and N.J.S.A. 2C:2-7, and against the peace of this State, the government and dignity of the same.

COUNT THREE

(False Contract Representation for a Government Contract- Second Degree)

GEORGE RULLO

and

THE MEGAN GROUP, INC.

on or about July 10 2003, at the Township of Montville, in the County of Morris, at the Township of Freehold, in the County of Monmouth, elsewhere and within the jurisdiction of this Court, knowingly made a material representation that was false in connection with the negotiation, award or performance of a contract in excess of \$25,000 between the Montville Board of Education and the said THE MEGAN GROUP, INC., that is, Application and Certificate for Payment numbered 13, the said GEORGE RULLO and THE MEGAN GROUP, INC., stated "that all amounts have been paid by the Contractor for Work for which previous Certificates for Payment were issued and, payments received from the Owner," which statement was false, contrary to the provisions of N.J.S.A. 2C:21-34b, N.J.S.A. 2C:2-6 and N.J.S.A. 2C:2-7, and against the peace of this State, the government and dignity of the same.

COUNT FOUR

(False Contract Payment Claims for a Government Contract - Second Degree)

GEORGE RULLO

and

THE MEGAN GROUP, INC.

on or about October 29, 2003, at the Township of Demerest, in the County of Bergen, and at the Township of Freehold, in the County of Monmouth, elsewhere and within the jurisdiction of this Court, knowingly submitted to the Demerest Board of Education a claim in excess of \$25,000 for payment for performance of a contract between the Demerest Board of Education and the said THE MEGAN GROUP, INC., that is, Application and Certificate for Payment numbered 16, knowing such claim to be false, fictitious and fraudulent, contrary to the provisions of N.J.S.A. 2C:21-34a, N.J.S.A. 2C:2-6 and N.J.S.A. 2C:2-7, and against the peace of this State, the government and dignity of the same.

COUNT FIVE

(False Contract Representation for a Government Contract - Second Degree)

GEORGE RULLO

and

THE MEGAN GROUP, INC.

on or about October 29, 2003, at the Township of Demerest, in the County of Bergen, at the Township of Freehold, in the County of Monmouth, elsewhere and within the jurisdiction of this Court, knowingly made a material representation that was false in connection with the negotiation, award or performance of a contract in excess of \$25,000 between the Demerest Board of Education and the said THE MEGAN GROUP, INC., that is, Application and Certificate for Payment numbered 16, the said GEORGE RULLO AND THE MEGAN GROUP, INC., stated "that all amounts have been paid by the Contractor for Work for which previous Certificates for Payment were issued and, payments received from the Owner," which statement was false, contrary to the provisions of N.J.S.A. 2C:21-34b, N.J.S.A. 2C:2-6 and N.J.S.A. 2C:2-7, and against the peace of this State, the government and dignity of the same.

COUNT SIX

(False Contract Payment Claims for a Government Contract - Second Degree)

GEORGE RULLO

and

THE MEGAN GROUP, INC.

on or about December 8, 2003, at the Township of Watchung, in the County of Union, at the Township of Freehold, in the County of Monmouth, elsewhere and within the jurisdiction of this Court, knowingly submitted to the Watchung Board of Education a claim in excess of \$25,000 for payment for performance of a contract between the Watchung Board of Education and the said THE MEGAN GROUP, INC., that is, Application and Certificate for Payment numbered 14, knowing such claim to be false, fictitious and fraudulent, contrary to the provisions of N.J.S.A. 2C:21-34a, N.J.S.A. 2C:2-6 and N.J.S.A. 2C:2-7, and against the peace of this State, the government and dignity of the same.

COUNT SEVEN

(False Contract Representation for a Government Contract - Second Degree)

GEORGE RULLO

and

THE MEGAN GROUP, INC.

on or about December 8, 2003, at the Township of Watchung, in the County of Union, and at the Township of Freehold, in the County of Monmouth, elsewhere and within the jurisdiction of this Court, knowingly made a material representation that was false in connection with the negotiation, award or performance of a contract in excess of \$25,000 between the Watchung Board of Education and the said THE MEGAN GROUP, INC., that is, Application and Certificate for Payment numbered 14, the said GEORGE RULLO and THE MEGAN GROUP, INC., stated "that all amounts have been paid by the Contractor for Work for which previous Certificates for Payment were issued and, payments received from the Owner," which statement was false, contrary to the provisions of N.J.S.A. 2C:21-34b, N.J.S.A. 2C:2-6 and N.J.S.A. 2C:2-7, and against the peace of this State, the government and dignity of the same.



COUNT EIGHT

(Theft by Failure to Make Required Disposition of Property  
Received - Second Degree)

GEORGE RULLO

and

THE MEGAN GROUP, INC.

on divers dates between July 2002 and December 2003, at the Township of Montville, in the County of Morris, at the Township of Demerest, in the County of Bergen, at the Township of Watchung, in the County of Union, and at the Township of Freehold, in the County of Monmouth, elsewhere and within the jurisdiction of this Court, did commit theft by purposely obtaining or retaining money in excess of \$75,000, upon agreement or subject to a known legal obligation to make specified payment or other disposition to Building Services Installation, Inc., J.G. Schmidt Steel, Fidelus Equipment Co., Inc., Gabe Sganga, Inc., Architectural Window Manufacturing Corp., and ESR Mechanical Contractors, Inc., and did deal with said property as their own and did fail to make the required payment or disposition, contrary to the provisions of N.J.S.A. 2C:20-9, N.J.S.A. 2C:2-6, and N.J.S.A. 2C:2-7, and against the peace of this State, the government and dignity of the same.

COUNT NINE

(Misapplication of Entrusted Property - Second Degree)

GEORGE RULLO

and

THE MEGAN GROUP, INC.

on divers dates between July 2002 and December 2003 at the Township of Montville, in the County of Morris, at the Township of Demerest, in the County of Bergen, at the Township of Watchung, in the County of Union, at the Township of Freehold, in the County of Monmouth, elsewhere and within the jurisdiction of this Court, knowingly did apply or dispose of property, that is money, that had been entrusted to them as fiduciaries, in a manner which they knew was unlawful and involved substantial risk of loss or detriment to the owners of the property or to persons for whose benefit the property was entrusted, thereby deriving a benefit in excess of \$75,000, contrary to the provisions of N.J.S.A. 2C:21-15, N.J.S.A. 2C:2-6, and N.J.S.A. 2C:2-7, and against the peace of this State, the government and the dignity of the same.

COUNT TEN

(Misconduct by a Corporate Official - Second Degree)

GEORGE RULLO

on divers dates between July 2002 and December 2003 at the Township of Montville, in the County of Morris, at the Township of Demerest, in the County of Bergen, at the Township of Watchung, in the County of Union, at the Township of Freehold in the County of Monmouth, elsewhere and within the jurisdiction of this Court, purposely or knowingly did use, control or operate a corporation for the furtherance or promotion of a criminal object, that is, the said GEORGE RULLO, did use, control or operate The Megan Group, Inc., a corporation of the State of New Jersey, for the furtherance or promotion of a criminal objects of false contract payment claims for a government contract, contrary to N.J.S.A. 2C:21-34a, false contract representations for a government contract, contrary to N.J.S.A. 2C:21-34b, theft by failure to make required disposition of property received, contrary to N.J.S.A. 2C:20-9, and misapplication of entrusted property, contrary to N.J.S.A. 2C:21-15, thereby deriving a benefit in excess of \$75,000, all contrary to the provisions of

N.J.S.A. 2C:21-9c, and against the peace of this State, the government and dignity of the same.

Gregory A. Paw, Director  
Division of Criminal Justice

Tracy M. Thompson  
Tracy M. Thompson, Acting Director  
Office of Government Integrity

[Signature]  
Foreperson

Dated: 6/16/06